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Mexico

Agricultural Situation

Mexico Announces the Modification of Import Duties for Oilseeds

2008

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Report Highlights:

The Secretariat of Economy (SE) published a decree in the *Diario Oficial* (Federal Register) on December 16, 2008, that modifies the applied duties on imports of oil from oilseeds. Duties, as established in the announcement, will gradually be reduced to zero percent during the upcoming 60 day period. However, oil prices will continue to be the determining factor driving purchases during this season. The United States will continue to be by far the main supplier of oil to Mexico.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico City [MX1]
[MX]

Introduction: This report summarizes a decree from the Secretariat of Economy announcing the modification of duties for specific products, published in Mexico's *Diario Oficial* (Federal Register) on December 16, 2008.

Disclaimer: This summary is based on a cursory review of the subject announcement and therefore should not, under any circumstances, be viewed as a definitive reading of the regulation in question, or of its implications for U.S. agricultural export trade interests. In the event of a discrepancy or discrepancies between this summary and the complete regulation or announcement as published in Spanish, the latter shall prevail.

Title: Decree that Modifies Diverse Duties of the General Import and Export Tariff Law

FAS/Mexico's Executive Summary: The Secretariat of Economy (SE) published a decree in the *Diario Oficial* (Federal Register) on December 16, 2008, that modifies the duties applied, under the General Import and Export Tariff Law, to specific harmonized tariff codes (HTS). The justification for these modifications is that in recent years, Mexico has suffered deficiencies in the production of oilseed and has increased their imports of seeds and oil. However as a result of higher duties, consumers have paid an extremely high price. In order to cope with current market trends and a declining economy, the SE is modifying the applied import duties for the following HTS. Found in the table below are the current applied duty rates;

HTS	DESCRIPTION	Units	DUTY	
			IMP.	EXP.
1507.10.01	Crude oil, whether or not degummed.	Kg	7	Ex.
1507.90.99	Other.	Kg	14	Ex.
1509.10.01	In tank-car or tanker.	Kg	7	Ex.
1509.10.99	Other.	Kg	7	Ex.
1509.90.01	Refined, In tank-car or tanker.	Kg	14	Ex.
1509.90.02	Refined, weighing with the immediate container less than 50 kilograms.	Kg	14	Ex.
1509.90.99	Other.	Kg	14	Ex.
1511.10.01	Crude oil.	Kg	7	Ex.
1511.90.99	Other.	Kg	14	Ex.
1512.11.01	Crude oil.	Kg	7	Ex.
1512.19.99	Other.	Kg	14	Ex.
1512.21.01	Crude oil. Whether or not gossypol has been removed.	Kg	7	Ex.
1512.29.99	Other.	Kg	14	Ex.
1513.11.01	Crude oil.	Kg	7	Ex.
1513.19.99	Other.	Kg	14	Ex.
1513.21.01	Crude oil.	Kg	7	Ex.
1513.29.99	Other.	Kg	14	Ex.
1514.11.01	Crude oil.	Kg	7	Ex.
1514.19.99	Other.	Kg	14	Ex.
1514.91.01	Crude oil.	Kg	7	Ex.
1514.99.99	Other.	Kg	14	Ex.
1515.30.01	Castor oil and its fractions	Kg	7	Ex.
1516.20.01	Vegetable fats and oils and their fractions.	Kg	14	Ex.
1518.00.01	Mixture of oils of sunflower seed and olive, bromadated of pharmaceutical quality.	Kg	7	Ex.

Effective January 15, 2009, the duties will be reduced to the following.

HTS	DESCRIPTION	Units	DUTY	
			IMP.	EXP.
1507.10.01	Crude oil, whether or not degummed.	Kg	3	Ex.
1507.90.99	Other.	Kg	7	Ex.
1509.10.01	In tank-car or tanker.	Kg	3	Ex.
1509.10.99	Other.	Kg	3	Ex.
1509.90.01	Refined, In tank-car or tanker.	Kg	7	Ex.
1509.90.02	Refined, weighing with the immediate container less than 50 kilograms.	Kg	7	Ex.
1509.90.99	Other.	Kg	7	Ex.
1511.10.01	Crude oil.	Kg	3	Ex.
1511.90.99	Other.	Kg	7	Ex.
1512.11.01	Crude oil.	Kg	3	Ex.
1512.19.99	Other.	Kg	7	Ex.
1512.21.01	Crude oil. Whether or not gossypol has been removed.	Kg	3	Ex.
1512.29.99	Other.	Kg	7	Ex.
1513.11.01	Crude oil.	Kg	3	Ex.
1513.19.99	Other.	Kg	7	Ex.
1513.21.01	Crude oil.	Kg	3	Ex.
1513.29.99	Other.	Kg	7	Ex.
1514.11.01	Crude oil.	Kg	3	Ex.
1514.19.99	Other.	Kg	7	Ex.
1514.91.01	Crude oil.	Kg	3	Ex.
1514.99.99	Other.	Kg	7	Ex.
1515.30.01	Castor oil and its fractions	Kg	3	Ex.
1516.20.01	Vegetable fats and oils and their fractions.	Kg	7	Ex.
1518.00.01	Mixture of oils of sunflower seed and olive, brominated of pharmaceutical quality.	Kg	3	Ex.

**On February 14, 2009, all products included in the previous tables will be duty-free.*

Important Dates

- 1. Publication Date:** December 16, 2008.
- 2. Enforcement Date:** December 17, 2009.

FAS/Mexico Comment: According to the industry, the government's decision to lower applied duties for the aforementioned products, is contradictory to the current administration's objectives of promoting and developing a stronger domestic agricultural sector. The domestic industry is concerned about the affect this measure will have on the thousands of workers employed throughout these industries. This modification has also irritated the Mexican oil industry since they will face unfair competition from South American countries, which subsidize their oil exports. Oil prices will undoubtedly play a key role when importing oil from the United States or any other country. However, the United States is by far the main supplier of oil to Mexico, and there is no indication that this pattern will change in the near future. Prior to this announcement, the applied duty from other countries was approximately 10 to 20 percent; depending on the product. Under NAFTA, imports from the United States are duty free.

Relevant Reports Submitted by FAS/Mexico City

MX 8024 Annual Oilseeds Report

<http://www.fas.usda.gov/gainfiles/200804/146294258.doc>

MX 8056 Oilseeds Update

<http://www.fas.usda.gov/gainfiles/200809/146295691.doc>

MX 8065 September Oilseeds Update

<http://www.fas.usda.gov/gainfiles/200810/146295997.doc>

MX 8071 October Oilseeds Update

<http://www.fas.usda.gov/gainfiles/200810/146306302.doc>